
HOUSE BILL 2256

State of Washington 60th Legislature 2007 Regular Session

By Representatives Darneille, Haler, Morrell, Walsh, Pettigrew, Dickerson, Kenney, Schual-Berke, Kagi, P. Sullivan, Lantz, Hinkle, Upthegrove, Appleton, Williams, Seaquist, O'Brien, Hasegawa, Green, Linville, Simpson, Ormsby and Santos

Read first time 02/14/2007. Referred to Committee on Community & Economic Development & Trade.

1 AN ACT Relating to establishing the family prosperity act; amending
2 RCW 19.182.020 and 19.182.010; adding new sections to chapter 43.63A
3 RCW; adding a new section to chapter 74.08A RCW; adding a new section
4 to chapter 82.04 RCW; creating a new section; repealing RCW 43.63A.765
5 and 43.63A.767; providing an effective date; and declaring an
6 emergency.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

8 NEW SECTION. **Sec. 1.** INTENT. The legislature finds that low-
9 income working families often encounter significant barriers as they
10 strive to achieve financial self-sufficiency. Their challenges include
11 acquiring employment that pays enough to cover the costs of daily
12 living, accumulating funds for the down payment on a home, and setting
13 aside money for the children's education or for the parents'
14 retirement. The legislature also finds that the United States has a
15 negative savings rate, one in five American households owes more than
16 it owns, and in the event of a job loss, one in four households cannot
17 support itself at the poverty line for three months. Asset-poor
18 families do not have enough cash reserves or equity in their homes or
19 businesses to meet basic needs through a period of joblessness, health

1 emergency, divorce, or other unexpected financial hardship.
2 Compounding these problems, credit reports about low-income working
3 families tend to contain negative information, so that when used by
4 prospective employers, the reports can prevent the job seeker from
5 obtaining employment. Research shows that savings and ownership of
6 assets is possible for low-income wage earners and that they would
7 benefit from a variety of tools that allow them to better control and
8 increase their financial resources. The legislature therefore finds
9 that the state, together with local communities, must adopt policies
10 and provide services to help low-income working families achieve
11 prosperity.

12 NEW SECTION. **Sec. 2.** DEFINITIONS. The definitions in this
13 section apply throughout sections 1 through 6 of this act unless the
14 context clearly requires otherwise.

15 (1) "Asset" or "asset building" means investment or savings for an
16 investment in a family home, higher education, small business, or other
17 long-term asset that will assist low-income families to attain greater
18 self-sufficiency.

19 (2) "Department" means the department of community, trade, and
20 economic development.

21 (3) "Director" means the director of the department of community,
22 trade, and economic development.

23 NEW SECTION. **Sec. 3.** WASHINGTON ASSET BUILDING COALITION. (1)
24 There is created the Washington asset building coalition, whose mission
25 is to provide statewide leadership on initiatives that foster financial
26 self-sufficiency and economic security for low-income working families.
27 The Washington asset building coalition shall work with the department,
28 local asset building coalitions, and other public and private sector
29 partners to:

30 (a) Create a range of private and public prosperity products;

31 (b) Develop and promote public and private lending policies that
32 encourage asset building;

33 (c) Market savings, smart borrowing, and federal tax credit
34 programs;

35 (d) Expand financial literacy opportunities and outcomes;

1 (e) Enhance protections from predatory lending, fraud, and consumer
2 scams; and

3 (f) Identify and promote other approaches that will help low-income
4 working families reach self-sufficiency by building and managing their
5 assets.

6 (2) For the 2007-2009 biennium, the department shall work with the
7 Washington asset building coalition and other partners to design,
8 implement, and fund a statewide public education and outreach campaign.
9 The department shall use state funds to attract matching investments by
10 other public and private sector organizations. The campaign shall
11 feature marketing, self-help tools, and local services, including
12 activities such as:

13 (a) Creation of a web site with financial information, savings and
14 investment calculators, credit repair links, and other self-help tools;

15 (b) Call-in assistance and referrals through a universal telephone
16 number that provides a directory to local services;

17 (c) Public service announcements and other educational outreach
18 through media outlets, WorkFirst agencies, mailing inserts, and print
19 and electronic materials designed to reach target groups such as
20 seniors, the military, foster youth, former offenders, WorkFirst
21 participants, limited English speakers, and other high need groups.

22 NEW SECTION. **Sec. 4.** COMMUNITY ASSET BUILDING COALITIONS. (1)
23 Community-based asset building coalitions involve collaboration among
24 local social service, faith-based, governmental, job training, and
25 health care agencies and the private sector, including financial
26 institutions. They are important partners to the department and the
27 statewide coalition because they deliver direct services to low-income
28 working families.

29 (2) The department shall expand and strengthen community-based
30 asset building coalitions by providing them with technical assistance
31 and grants. The department shall establish a process to offer
32 technical assistance and grants to local communities interested in
33 initiating or expanding asset building coalitions and services. The
34 department shall conduct an application process and select at least
35 twelve sites by October 31, 2007. The application must:

36 (a) Identify the local lead agency;

1 (b) Describe how the lead agency will work with community partners,
2 including local government and the private sector, to implement program
3 activities. The application must specifically identify the community
4 partners with whom the lead agency will collaborate, the role of each
5 partner, and their experience and accomplishments to date, if any, with
6 asset building and financial literacy programs;

7 (c) Identify areas of potential need based upon input from the
8 community partners, including: Financial literacy; assistance with
9 federal income tax preparation and the use of tax credits; the use of
10 individual development accounts; homeownership and micro-enterprise
11 promotion and services; and other asset-building strategies;

12 (d) Identify the community resources that might support training
13 for the implementation of the selected best practices chosen to address
14 the needs identified by the community; and

15 (e) Identify any local funds and in-kind resources that will be
16 contributed to complement the state's funding.

17 NEW SECTION. **Sec. 5.** TAX CREDIT MARKETING. To the extent funding
18 is appropriated, the department shall establish a program to create an
19 outreach campaign to increase the number of eligible low-income working
20 families who claim the federal earned income tax credit and the federal
21 child and dependent care tax credit. The department may work
22 collaboratively with other state agencies, private and nonprofit
23 agencies, local communities, and others with expertise that might
24 assist the department in implementing the program.

25 NEW SECTION. **Sec. 6.** ACCOUNTABILITY. The department shall report
26 to the appropriate committees of the legislature by December 1, 2008,
27 and annually thereafter, on the status of the asset building and
28 financial self-sufficiency programs created under this act. The report
29 shall include the status of program implementation, the outcomes
30 achieved to date, any barriers that have arisen to carrying out the
31 programs, and recommendations for additional services, tools, and
32 practices that would increase the effectiveness of state and local
33 asset building and financial literacy programs.

34 **Sec. 7.** RCW 19.182.020 and 1993 c 476 s 4 are each amended to read
35 as follows:

1 LIMITING CREDIT REPORT USAGE FOR EMPLOYMENT. (1) A consumer
2 reporting agency may furnish a consumer report only under the following
3 circumstances:

4 (a) In response to the order of a court having jurisdiction to
5 issue the order;

6 (b) In accordance with the written instructions of the consumer to
7 whom it relates; or

8 (c) To a person that the agency has reason to believe:

9 (i) Intends to use the information in connection with a credit
10 transaction involving the consumer on whom the information is to be
11 furnished and involving the extension of credit to, or review or
12 collection of an account of, the consumer;

13 (ii) Intends to use the information for employment purposes as
14 permitted under subsection (2)(a) of this section;

15 (iii) Intends to use the information in connection with the
16 underwriting of insurance involving the consumer;

17 (iv) Intends to use the information in connection with a
18 determination of the consumer's eligibility for a license or other
19 benefit granted by a governmental instrumentality required by law to
20 consider an applicant's financial responsibility or status; or

21 (v) Otherwise has a legitimate business need for the information in
22 connection with a business transaction involving the consumer.

23 (2)(a) A person may not procure a consumer report, or cause a
24 consumer report to be procured, for employment purposes with respect to
25 any consumer who is not an employee at the time the report is procured
26 or caused to be procured unless:

27 (i) The person procuring the consumer report, or causing the
28 consumer report to be procured, is either (A) a financial institution,
29 as defined under RCW 30.22.040, where the consumer is seeking
30 employment; or (B) a public safety entity where the consumer is seeking
31 employment; and

32 (ii) A clear and conspicuous disclosure has been made in writing to
33 the consumer before the report is procured or caused to be procured
34 that a consumer report may be obtained for purposes of considering the
35 consumer for employment. The disclosure may be contained in a written
36 statement contained in employment application materials; or

37 ~~((+ii))~~ (iii) The consumer authorizes the procurement of the
38 report.

1 (b) A person may not procure a consumer report, or cause a consumer
2 report to be procured, for employment purposes with respect to any
3 employee unless the employee has received, at any time after the person
4 became an employee, written notice that consumer reports may be used
5 for employment purposes. A written statement that consumer reports may
6 be used for employment purposes that is contained in employee
7 guidelines or manuals available to employees or included in written
8 materials provided to employees constitutes written notice for purposes
9 of this subsection. This subsection does not apply with respect to a
10 consumer report of an employee who the employer has reasonable cause to
11 believe has engaged in specific activity that constitutes a violation
12 of law.

13 (c) In using a consumer report for employment purposes, before
14 taking any adverse action based in whole or part on the report, a
15 person shall provide to the consumer to whom the report relates: (i)
16 The name, address, and telephone number of the consumer reporting
17 agency providing the report; (ii) a description of the consumer's
18 rights under this chapter pertaining to consumer reports obtained for
19 employment purposes; and (iii) a reasonable opportunity to respond to
20 any information in the report that is disputed by the consumer.

21 **Sec. 8.** RCW 19.182.010 and 1993 c 476 s 3 are each amended to read
22 as follows:

23 FAIR CREDIT REPORTING ACT DEFINITIONS. Unless the context clearly
24 requires otherwise, the definitions in this section apply throughout
25 this chapter.

26 (1)(a) "Adverse action" includes:

27 (i) Denial of, increase in any charge for, or reduction in the
28 amount of insurance for personal, family, or household purposes;

29 (ii) Denial of employment or any other decision for employment
30 purposes that adversely affects a current or prospective employee;

31 (iii) Action or determination with respect to a consumer's
32 application for credit that is adverse to the interests of the
33 consumer; and

34 (iv) Action or determination with respect to a consumer's
35 application for the rental or leasing of residential real estate that
36 is adverse to the interests of the consumer.

37 (b) "Adverse action" does not include:

1 (i) A refusal to extend additional credit under an existing credit
2 arrangement if:

3 (A) The applicant is delinquent or otherwise in default with
4 respect to the arrangement; or

5 (B) The additional credit would exceed a previously established
6 credit limit; or

7 (ii) A refusal or failure to authorize an account transaction at a
8 point of sale.

9 (2) "Attorney general" means the office of the attorney general.

10 (3) "Consumer" means an individual.

11 (4)(a) "Consumer report" means a written, oral, or other
12 communication of information by a consumer reporting agency bearing on
13 a consumer's creditworthiness, credit standing, credit capacity,
14 character, general reputation, personal characteristics, or mode of
15 living that is used or expected to be used or collected in whole or in
16 part for:

17 (i) The purpose of serving as a factor in establishing the
18 consumer's eligibility for credit or insurance to be used primarily for
19 personal, family, or household purposes;

20 (ii) Employment purposes; or

21 (iii) Other purposes authorized under RCW 19.182.020.

22 (b) "Consumer report" does not include:

23 (i) A report containing information solely as to transactions or
24 experiences between the consumer and the person making the report;

25 (ii) An authorization or approval of a specific extension of credit
26 directly or indirectly by the issuer of a credit card or similar
27 device;

28 (iii) A report in which a person who has been requested by a third
29 party to make a specific extension of credit directly or indirectly to
30 a consumer conveys his or her decision with respect to the request, if
31 the third party advises the consumer of the name and address of the
32 person to whom the request was made and the person makes the
33 disclosures to the consumer required under RCW 19.182.070;

34 (iv) A list compiled by a consumer reporting agency to be used by
35 its client for direct marketing of goods or services not involving an
36 offer of credit;

37 (v) A report solely conveying a decision whether to guarantee a
38 check in response to a request by a third party; or

1 (vi) A report furnished for use in connection with a transaction
2 that consists of an extension of credit to be used for a commercial
3 purpose.

4 (5) "Consumer reporting agency" means a person who, for monetary
5 fees, dues, or on a cooperative nonprofit basis, regularly engages in
6 whole or in part in the business of assembling or evaluating consumer
7 credit information or other information on consumers for the purpose of
8 furnishing consumer reports to third parties, and who uses any means or
9 facility of commerce for the purpose of preparing or furnishing
10 consumer reports. "Consumer reporting agency" does not include a
11 person solely by reason of conveying a decision whether to guarantee a
12 check in response to a request by a third party or a person who obtains
13 a consumer report and provides the report or information contained in
14 it to a subsidiary or affiliate of the person.

15 (6) "Credit transaction that is not initiated by the consumer" does
16 not include the use of a consumer report by an assignee for collection
17 or by a person with which the consumer has an account, for purposes of
18 (a) reviewing the account, or (b) collecting the account. For purposes
19 of this subsection "reviewing the account" includes activities related
20 to account maintenance and monitoring, credit line increases, and
21 account upgrades and enhancements.

22 (7) "Direct solicitation" means the process in which the consumer
23 reporting agency compiles or edits for a client a list of consumers who
24 meet specific criteria and provides this list to the client or a third
25 party on behalf of the client for use in soliciting those consumers for
26 an offer of a product or service.

27 (8) "Employment purposes," when used in connection with a consumer
28 report, means a report used for the purpose of evaluating a consumer
29 for employment, promotion, reassignment, or retention as an employee.

30 (9) "File," when used in connection with information on any
31 consumer, means all of the information on that consumer recorded and
32 retained by a consumer reporting agency regardless of how the
33 information is stored.

34 (10) "Investigative consumer report" means a consumer report or
35 portion of it in which information on a consumer's character, general
36 reputation, personal characteristics, or mode of living is obtained
37 through personal interviews with neighbors, friends, or associates of
38 the consumer reported on or with others with whom the consumer is

1 acquainted or who may have knowledge concerning any items of
2 information. However, the information does not include specific
3 factual information on a consumer's credit record obtained directly
4 from a creditor of the consumer or from a consumer reporting agency
5 when the information was obtained directly from a creditor of the
6 consumer or from the consumer.

7 (11) "Medical information" means information or records obtained,
8 with the consent of the individual to whom it relates, from a licensed
9 physician or medical practitioner, hospital, clinic, or other medical
10 or medically related facility.

11 (12) "Person" includes an individual, corporation, government or
12 governmental subdivision or agency, business trust, estate, trust,
13 partnership, association, and any other legal or commercial entity.

14 (13) "Prescreening" means the process in which the consumer
15 reporting agency compiles or edits for a client a list of consumers who
16 meet specific credit criteria and provides this list to the client or
17 a third party on behalf of the client for use in soliciting those
18 consumers for an offer of credit.

19 (14) "Public safety entity" means: (a) All state, municipal, and
20 county agencies charged with policing or patrolling the community, or
21 investigating criminal activity; (b) all state militia governed by
22 Title 38 RCW; and (c) all state, municipal, and county agencies that
23 are charged with responding to, preventing, or investigating public
24 emergencies including fires, acts of terrorism or war, and natural
25 disasters.

26 NEW SECTION. Sec. 9. A new section is added to chapter 74.08A RCW
27 to read as follows:

28 DEPARTMENT OF SOCIAL AND HEALTH SERVICES TO ENCOURAGE ASSET
29 BUILDING. The department of social and health services shall encourage
30 recipients of temporary assistance for needy families to learn about
31 asset building and participate in programs to assist low-income persons
32 in developing personal assets. The department of social and health
33 services shall provide its regional offices, recipients of temporary
34 assistance for needy families, and any contractors providing job
35 search, training, or placement services notification of programs
36 available in the state for financial literacy, individual development

1 accounts, assistance with federal income tax information and the
2 availability of tax credits, and other resources to assist with asset
3 building.

4 NEW SECTION. **Sec. 10.** A new section is added to chapter 82.04 RCW
5 to read as follows:

6 (1) Every person engaging in the business of making small loans
7 subject to chapter 31.45 RCW is subject to a tax in addition to the tax
8 under RCW 82.04.290(2). The amount of the additional tax with respect
9 to such business is equal to the gross income of the business,
10 multiplied by the rate of one percent.

11 (2) Thirty-five percent of the proceeds of the tax under subsection
12 (1) of this section shall be deposited in the family prosperity account
13 created in section 11 of this act. The remainder shall be deposited in
14 the individual development account program account created in RCW
15 43.31.470.

16 NEW SECTION. **Sec. 11.** The family prosperity account is created in
17 the state treasury. All receipts from section 10 of this act and any
18 federal, state, and private funds must be deposited in the account.
19 Moneys in the account may be spent only after appropriation.
20 Expenditures from the account may be used only for supporting
21 initiatives that foster financial self-sufficiency and economic
22 security for low-income working families.

23 NEW SECTION. **Sec. 12.** REPEALERS. The following acts or parts of
24 acts are each repealed:

- 25 (1) RCW 43.63A.765 (Pilot programs for asset accumulation) and 2006
26 c 91 s 2; and
- 27 (2) RCW 43.63A.767 (Outreach campaign--Eligibility for federal
28 earned income tax credit) and 2006 c 91 s 3.

29 NEW SECTION. **Sec. 13.** CAPTIONS NOT LAW. Captions used in this
30 act are not any part of the law.

31 NEW SECTION. **Sec. 14.** Sections 1 through 6 and 13 of this act are
32 each added to chapter 43.63A RCW.

1 NEW SECTION. **Sec. 15.** This act is necessary for the immediate
2 preservation of the public peace, health, or safety, or support of the
3 state government and its existing public institutions, and takes effect
4 July 1, 2007.

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